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U.S. to Cut Nicaragua's Sugar Sales

Friendly Countries In Area to Benefit From Reagan Move

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The Reagan administration will strike against the leftist government of Nicaragua today with economic sanctions, redistributing most of the U.S. sugar import quota among Central American nations friendly to the United States, officials said yesterday.

One official said that President Reagan had pushed for the move, which has been under study by the administration for more than a month. Another official said the action will "underscore the determination of the administration to support democratic governments in the region."

Virtually eliminating its U.S. sugar sales could have important consequences for Nicaragua, which last year earned $15.6 million with sugar sales to the United States. But the action is more a warning than a decisive economic blow, since the sugar earnings were only 3 percent of Nicaragua's export sales.

An administration official said the action would have "both symbolic and economic value" for the pro-U.S. government of neighboring Honduras, which would receive the largest share of Nicaragua's sugar import quota. Other beneficiaries would be El Salvador and Costa Rica.

The action would affect sugar imported during fiscal 1984, for which the Nicaraguan quota is 58,800 tons. An official said that "about a shipload" of this sugar would still be imported to emphasize the administration's stated willingness to expand economic relations with the Sandinista government of Nicaragua if it halts support of leftist guerrillas seeking to overthrow the government of El Salvador.

Beyond the economic consequences, the action was seen in the administration as an important demonstration of the president's resolve in Central America. Reagan has chafed under last week's action by a House committee, which voted to cut off U.S. support for anti-Sandinista guerrillas in Nicaragua, calling the move "irresponsible" and charging that it would handcuff the executive branch.

By moving swiftly with an economic action that is clearly within his powers, the president is demonstrating that he intends to "stay the course in Central America," one official said.

The House yesterday moved cautiously on its own course of questioning administration activities in the region. The House Foreign Affairs Committee reported out a resolution calling on Reagan to provide more information on U.S.-funded covert activities in Nicaragua, but declined to recommend its passage on the House floor.

The committee will vote Thursday on the resolution passed last week by the House Permanent Select Committee on Intelligence to cut off U.S. funds for covert activities.

Foreign Affairs Chairman Clement J. Zablocki (D-Wis.) said the information on covert activities is likely to be provided in a closed-door session of the House, perhaps next week. At the session, members of the intelligence panel will brief their colleagues on the extent of CIA aid to the anti-Sandinista rebels.

The intelligence oversight panel last week gave a negative recommendation to the resolution calling for more information, which is sponsored by Rep. Tom Harkin (D-Iowa) and 62 other House members.

The committee acted after receiving a warning from Powell A. Moore, assistant secretary of state for congressional relations, who wrote that the resolution was "unnecessary and potentially disruptive to an established system of information-sharing that has proven to be mutually beneficial to the executive and legislative branch . . . ."

Under current practice, the intelligence committees of both House and Senate are briefed by the CIA, but this information often is not available to other members. Zablocki complained that the classified letters from Moore in response to requests for information on Nicaragua were "not directly responsive."

Staff writer Stuart Auerbach contributed to this report.

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